



Visa Confidential

VIA E-MAIL

April 15, 2024

PATHWARD, N.A.

UNITED STATES OF AMERICA

RE: VISA INTEGRITY RISK PROGRAM

Suspect Violation Identification

Case ID: 27758

Dear Acquirer Contact:

Visa takes issues relating to ecosystem integrity very seriously. The Visa Core Rules and Visa Product and Service Rules (together, the Visa Rules) prohibit Acquirers from submitting illegal transactions into the Visa payment system. Accordingly, you are reminded that all transactions submitted to the Visa network must be legal in both the buyer's and seller's jurisdictions.

To protect the payment system from illegal transactions, Visa implemented the Visa Integrity Risk Program (VIRP). This program identifies merchants that process prohibited transactions.

SUSPICIOUS ACTIVITY

Visa has been provided information indicating that your merchant NanoKard is submitting transactions that may be related to the sale of cannabis.

Please see the reference to NanoKard on the purchase receipt and in the photo "NanoKard.freshmint.ScreenShots".

Although several U.S. states have legalized cannabis for medical or recreational use, cannabis nevertheless remains illegal under federal law. As such, transactions in the U.S. involving the purchase or trade of cannabis are not permitted on the Visa network.

REQUIRED ACTION

Visa requires that your financial institution investigate your merchant NanoKard and provide a written response to Visa within 5 business days of receipt of this notification. If the merchant is determined to be processing miscoded or unlawful transactions, then the merchant must be terminated or brought into compliance with the Visa Rules and applicable law.

The response must include:

- Written confirmation, signed by an officer of your financial institution, of the results of the internal investigation of NanoKard.
- Information on any applicable termination and/or remediation, including but not limited to the date on which the offending merchant was terminated or on which the violation was otherwise remediated.
- The original application submitted by NanoKard, including all documents submitted to your financial institution in support of that application, such as (but not limited to) documents describing the services provided by the merchant.



- The merchant agreement signed by NanoKard and your financial institution.
- All records of merchant activity monitoring as outlined in section 7.1 of the Visa Global Acquirer Risk Standards: Visa Supplemental Requirements for the past six months to date.
- An explanation of how your financial institution will ensure that these types of merchants will comply with the Visa Rules going forward.

NEXT STEPS

To protect the integrity of the payment system, your financial institution should perform a risk-prioritized review of your merchant portfolio to identify any other miscoded or unlawful merchants and conduct enhanced due diligence reviews.

Visa appreciates your immediate attention to this matter. If you would like additional information regarding the VIRP, please do not hesitate to contact me at virpna@visa.com.

Sincerely,

Visa Integrity Risk Program

Visa Risk Management